
By: **Senators Astle and Klausmeier**
Introduced and read first time: January 31, 2003
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 18, 2003

CHAPTER _____

1 AN ACT concerning

2 **Individual Deferred Annuities - Minimum Nonforfeiture Amount - Interest**
3 **Rate on Accumulations**

4 FOR the purpose of reducing the interest rate applied to certain accumulations used
5 to determine the minimum nonforfeiture amount under certain annuity
6 contracts; providing for the termination of this Act; and generally relating to the
7 interest rate applied to accumulations used to determine the minimum
8 nonforfeiture amount on individual deferred annuity contracts with flexible
9 considerations.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 16-504(b)(1)
13 Annotated Code of Maryland
14 (2002 Replacement Volume and 2002 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Insurance**

18 16-504.

19 (b) (1) The minimum nonforfeiture amount under an annuity contract that
20 provides for flexible considerations at any time before or at the start of annuity
21 payments shall equal the remainder of:

1 (i) the accumulation until that time, at an interest rate of [3%]
2 1.5% per year, of the percentages of the net considerations paid before that time,
3 calculated under paragraph (2) of this subsection, and any existing additional amount
4 credited by the insurer to the contract; less

5 (ii) the sum of:

6 1. any withdrawal from or partial surrender of the contract
7 accumulated at an interest rate of [3%] 1.5% per year; and

8 2. any indebtedness to the insurer on the contract, including
9 interest due and accrued.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 June 1, 2003. It shall remain effective for a period of 2 years and, at the end of May
12 31, 2005, with no further action required by the General Assembly, this Act shall be
13 abrogated and of no further force and effect.